



HOWARD COUNTY DEPARTMENT OF FINANCE

3430 Courthouse Drive

Ellicott City, Maryland 21043

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Sec. 20.123. Commercial or industrial business.

- (a) *Establishment of Tax Credit for Commercial or Industrial Business:*
 - (1) In accordance with § 9-315(a)(3) of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County property tax credit against the tax on real property owned or occupied by a commercial or industrial business that qualifies under this section.
 - (2) The department of finance shall administer the credit.
- (b) *Definitions:* In this section the following terms have the meanings indicated.
 - (1) *Commercial or industrial business.*
 - (i) "Commercial or industrial business" means an enterprise engaged in an activity identified in the Howard County Economic Development Plan as a target for the county's business attraction and retention efforts.
 - (ii) "Commercial or industrial business" includes office-users, research and development, technology-based businesses, or manufacturing or distribution facilities.
 - (iii) "Commercial or industrial business" does not include retail stores, retail food outlets, or motels.
 - (2) *Substantial investment.* "Substantial investment" means:
 - (i) The acquisition of a building, land, or equipment that totals at least \$2,000,000; or
 - (ii) The creation of 10 positions with salaries greater than the current average annual wage in Howard County.
- (c) *Conditions:* A commercial or industrial business qualifies for a tax credit under this section if the business:
 - (1) Applies for the credit under the procedures in this section;
 - (2) (i) Owns real property in Howard County that is new construction, or an improvement to an existing facility; or
 - (iii) Subject to the provisions of subsection (f)(2) of this section, rents or leases real property in Howard County that is new construction or an improvement to an existing facility;
 - (3) Is currently or will be doing business in Howard County;
 - (4) Will employ at least 12 additional full-time local employees by the second year in which the credit is allowed, not including an employee filling a job created when a job function is shifted from an existing location in the state to Howard County;
 - (5) Makes a substantial investment in Howard County;
 - (6) Is approved by the economic development authority and the county executive under subsection (e)(3) of this section; and
 - (7) Enters into an agreement with the county under subsection (f) of this section.
- (d) *Amount and Duration of Credit:*
 - (1) Subject to paragraph (3) of this subsection, and except as provided in subsection (g) of this section, the tax credit under this section shall be granted annually for a term not to exceed 10 years beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or an improvement to an existing facility.
 - (2) As part of the procedure under subsection (e)(3) of this section, the county executive shall establish the tax credit in an amount expressed as a percent of the additional county tax imposed on real property that is a result of an increase in assessment due to the new construction or improvement, according to the following schedule:
 - (i) Up to 100% for years 1 and 2 that the credit is granted;
 - (ii) Up to 80% for years 3 and 4 that the credit is granted;
 - (iii) Up to 60% for years 5 and 6 that the credit is granted;
 - (iv) Up to 40% for years 7 and 8 that the credit is granted; and
 - (v) Up to 20% for years 9 and 10 that the credit is granted.



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- (3) Notwithstanding any other provision of this section, the tax credit under this section may not exceed the amount of county property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement.
- (e) *Procedures:*
 - (1) The economic development authority and the department of finance shall develop an application form and establish procedures to administer the tax credit under this section.
 - (2) A business may apply for the credit to the economic development authority. For tax years beginning July 1, 1997 and thereafter, applications for the credit shall be submitted no later than April 1 prior to the first tax year for which the credit is being requested.
 - (3) The economic development authority and the county executive shall evaluate the application under criteria established by the authority, and may deny or approve the application, subject to any terms and conditions as required under the criteria.
 - (4) If an application is approved it shall be forwarded to the director of finance. The director of finance shall forward the approved application to the supervisor of the department of assessments and taxation in Howard County, who shall determine what portion of the increase in assessed value is due to the new construction or improvement.
 - (5) After the determination by the department of assessments and taxation, the department of finance shall grant the Howard County Real Property Tax Credit under this section beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to the new construction or improvement.
- (f) *Agreement to Implement Credit:*
 - (1) The recipient of a tax credit under this section who is the owner of the real property subject to the credit shall enter into a contract with the county, which specifies reporting requirements and conditions under which the credit may be suspended or revoked.
 - (2) The recipient of a tax credit under this section who is the lessee of the real property subject to the credit, and the lessor of the property shall enter into a contract with the county. A contract under this paragraph shall specify:
 - (i) The reporting requirements and conditions under which the credit may be suspended or revoked;
 - (ii) That the amount of the tax credit granted under this section shall pass through to the commercial or industrial business that conducts the activity that qualifies for the credit; and
 - (iii) That the term of the tax credit may not exceed the term of the lease and may not, in any event, exceed 10 years.
- (g) *Alteration of Credit by County:* If it is determined to be in the best interest of the county, the governing body of the county may approve a credit for an individual business that is of a different amount or duration than is specified under subsection (d) of this section.
- (h) *Annual Report:*
 - (1) The economic development authority shall report annually to the county executive and the county council concerning the implementation of the tax credit under this section.
 - (2) The report under this subsection shall:
 - (i) Be submitted no later than September 1st of each year; and
 - (ii) Include, for each recipient of a credit under this section during the previous fiscal year:
 - a. The name of the recipient;
 - b. The number of jobs created and currently occupied as a result of the activity that qualified the recipient for the credit and the salary for each such job; and
 - c. The amount of the credit granted.

1. (C.B. 38, 1998)